



San Diego City Attorney MICHAEL J. AGUIRRE

NEWS RELEASE

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CITY ATTORNEY FILES LAWSUIT AGAINST COUNTRYWIDE; AGUIRRE ALLEGES CONSUMER LENDING FRAUD AND SEEKS COURT ACTION TO STOP LENDER FORECLOSURES

San Diego, CA—San Diego City Attorney Michael Aguirre filed a civil complaint this morning in San Diego Superior Court against Countrywide Financial Corporation alleging that the lending institution engaged in a “pattern of unlawful, fraudulent or unfair predatory real estate lending practices” that has caused numerous City of San Diego residents “to be in jeopardy of losing their homes through foreclosures.” The legal action also calls for injunctive relief and civil penalties.

“We are asking a court to prevent Countrywide from initiating or advancing any foreclosure on any residential sub-prime mortgages involving properties which are owner occupied in the City of San Diego,” said City Attorney Michael Aguirre. “We believe these borrowers are victims of fraud and were roped into unconventional sub-prime loans when they probably could have qualified for a conventional fixed-rate mortgage.”

The civil lawsuit was filed by the Consumer and Environmental Protection Unit of the San Diego City Attorney’s Office. The complaint alleges that Countrywide’s unlawful lending practices directed against San Diego home purchasers and homeowners involved one of the following elements:

- a. Making loans based predominantly on the foreclosure or liquidation value of a borrower’s collateral rather than on the borrower’s ability to repay the mortgage according to its terms;
- b. Inducing the borrower to repeatedly refinance a loan in order to charge high points and fees each time the loan is refinanced (“loan flipping”); or
- c. Engaging in fraud or deception to conceal the true nature of the mortgage loan obligation.

The lawsuit further alleges that the goal of Countrywide’s unlawful, fraudulent, or unfair “predatory” lending practices was to increase the Company’s share of the national mortgage market by mass producing loans for sale on the secondary market. Countrywide originated loans with little or no regard for the borrowers’ financial ability to afford the loans or to sustain homeownership.

(MORE)

The lawsuit contends that Countrywide was motivated to engage in the unlawful lending practices for the personal financial benefit of several named defendants whose profit exceeded \$800 million.

To view the lawsuit against Countrywide, visit www.sandiegocityattorney.org, click “Significant Reports and Legal Documents.”

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